

UNCLASSIFIED

II. Nonproliferation -- Nuclear  
2. Other problem regions/countries  
-- China

E6

CHINA

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1.5(d)

**ISSUE:** To encourage Chinese support for and adherence to nuclear nonproliferation principles. (U)

**BACKGROUND:** For many years China was a strong critic of the NPT and the nuclear nonproliferation regime and even advocated the spread of nuclear weapons as a means to break to monopoly of the superpowers. China's entry into the field of nuclear commerce in the late 1970s -- as a supplier and recipient -- forced this issue into the forefront of China's relations with other countries. The U.S. and other major nuclear suppliers made clear that assistance to China's nuclear program would not be possible unless China adopted standard international nuclear export control practices. In 1983, China joined the IAEA and adopted three conditions for its nuclear exports: no military or nuclear explosive uses, IAEA safeguards on the particular export, and no retransfer to another country without China's consent. (U)

Toward the end of the 1980's, China's attitude toward the NPT began to soften. It attended, for example, an NPT Review Conference as an observer for the first time in 1990. With the increased attention on nonproliferation in the aftermath of Desert Storm, China announced in August 1991 that it would adhere to the NPT and did so in March of this year. China has always supported NWFZs and ratified Protocol II of the Treaty of Tlatelolco in 1974. With regard to regional proliferation issues, the Chinese have said that they pressed the North Koreans to bring their NPT safeguards agreement into force. Moreover, China also participated in five-power talks on export restraint to the Middle East, although it has been the most reluctant to agree to restraint norms and now has suspended participation, [ ] (C)

The improvements in China's nonproliferation policies are welcome; however, China's longstanding cooperation with Pakistan's nuclear weapons program, and more recently with Iran and its [ ] cooperation with Algeria (which came to light in 1991), have made it clear that China's practices do not yet conform to international standards. These concerns continue to affect overall U.S.-China relations and have made it impossible to implement the U.S.-China civil nuclear cooperation agreement which entered into force in 1985. Moreover, following Tiananmen Square and in view of continuing concerns about China's nonproliferation policies, Congress enacted legislation which precludes very benign types of assistance to China's nuclear program. (C)

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The U.S. has continued to emphasize to China at high levels that we expect it to fulfill its NPT obligations. We have also protested a Chinese decision to provide a power reactor to Pakistan without requiring the application of IAEA safeguards to all of Pakistan's nuclear activities (a policy which all 27 members of the Nuclear Suppliers Group (NSG) now support);

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We have also made clear the risks in nuclear cooperation with Iran. The Chinese have generally ignored our warning, citing Iran's status as an NPT party with full-scope IAEA safeguards and what they view as the lack of convincing evidence that Iran is seeking nuclear weapons. China and Iran recently announced their intention to cooperate on building a civil power reactor in Iran.

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Following the public disclosure of China's cooperation with Algeria, both countries promptly took steps to convince the international community that this cooperation was only for peaceful purposes including the application of IAEA safeguards. (U)

U.S. efforts to encourage China to adhere to the export guidelines of the NSG have not met with success, but the Chinese do not appear to have definitively foreclosed such a decision.

(C)

**DISCUSSION:** China is a key actor on nuclear nonproliferation and, while some gains have been made, its policies still fall short of minimum standards -- particularly its continuing activities with Pakistan's nuclear weapons program. The tools used to date include standard diplomatic efforts to encourage positive behavior and a US embargo on assistance to China's civil nuclear program.

There are other ideas that could be considered, although some of them involve tradeoffs against other key US objectives vis-a-vis China (e.g. human rights, promoting trade, stopping missile exports) and some carry the risk of further isolating China.

Starting minimally and then increasing in severity, the US could:

- o initiate regular bilateral discussions on nuclear nonproliferation (with an emphasis on the NPT and export controls)

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CLEARANCE SHEET

CHINA

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